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2 **Q. Reference: Page 96, Lines 17-18**  
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4 **Please explain how, in Dr. Booth's view, the Enron and Worldcom frauds impact**  
5 **investors' perception of the risk currently of investing in relatively pure play U.S.**  
6 **utility stocks.**  
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9 **A.** Dr. Booth believes that investors are aware of the past and take this into account in  
10 forecasting the future. As S&P notes in their discussion of ring fencing, some pure play US  
11 utilities either were taken over or took over more risky businesses and the bond-holders lost  
12 significant amounts of money in what they believed to be pure play businesses. The equity  
13 holders have even less protection than the bond holders since they have no covenants that  
14 they can invoke to protect them. Dr. Booth has no reason to believe that these experiences  
15 have been forgotten.  
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